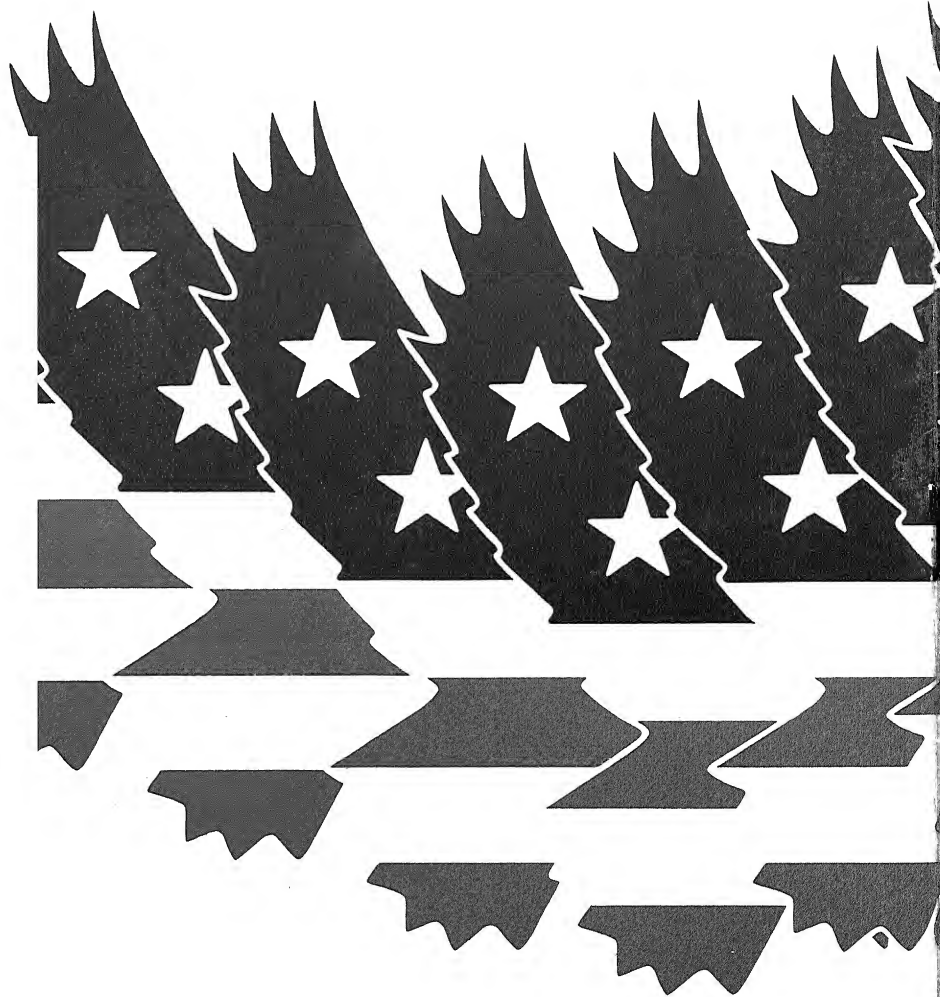


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DEC 19 1964

DEPOSIT



BANKERS AND BONDS

**THE STRONGEST LINK
CUSTOMER
COMMUNITY
COUNTRY**



A MESSAGE TO BANKERS



You and your colleagues played an essential role in our nation's economic recovery. You increased the variety of your institution's services, encouraging consumers to save and invest. You helped businesses expand and flourish. And, you gave increased support to the U.S. Savings Bonds Program.

We in the Department of the Treasury are grateful to you—because a healthy national economy starts in your community and in your bank. Your active participation in the Bond program leads us toward our mutual goal: A stronger, more productive America.

By supporting the Savings Bonds program, you help yourself, your community, and our country. Bonds help your customers save for larger investments, which enhance your assets. They also cut the Treasury's borrowing costs by \$1.9 billion a year, reduce its need for open-market borrowing, and free more money for private investment.

When Americans buy U.S. Savings Bonds, everyone prospers. I am grateful for your support of the Savings Bonds program. Your participation will ensure the success of the Savings Bonds campaign.

A handwritten signature in dark ink that reads "Donald T. Regan". The signature is written in a cursive, flowing style.

Donald T. Regan
Secretary of the Treasury

BANKERS AND BONDS: A STRONG ALLIANCE

Today, as they have been for more than 40 years, bankers are the mainstay of the U.S. Savings Bonds Program. As with other government programs that are consistent with bankers' desire for sound public and fiscal policy, Savings Bonds have won—and kept—the support of the financial community.

Financial institutions provide about 80 percent of issuing services and at least 95 percent of the redemption services the Bond program needs to operate effectively. They have done so voluntarily, in a time of growing competition and cost pressures throughout the industry.

Why?

Effective management of the national debt is an important consideration. With more than \$73 billion worth of Savings Bonds held by the public, they are a substantial, stabilizing force for Treasury debt managers. Because they earn below-market interest rates, they lower the total cost of the debt—\$1.9 billion in 1983 alone. The dynamics of today's financial market place made changes in the Bond interest system imperative if they were to continue their important role. The market-based interest system that resulted strikes a fair bal-

ance between the demands of consumers for a product with a return that is tied to the market and the needs of the Treasury and taxpayers for a security that lowers debt costs.

Keeping customers is a serious challenge for the bank today, and nurturing new customers is vital for the future. Bonds help build a savings ethic—one which helps financial institutions in both the short and long run. Through the Payroll Savings Plan, Savings Bonds are a beginning point for many savers, helping those who have never saved (or never saved regularly) accumulate money to allow for investment in the more sophisticated products offered by financial institutions. Bonds complement a bank's own deposit products, providing a first step to saving for people who might otherwise be a drain on bank resources. This first step can lead to many more.

The alliance between you and the Bond program, then, is beneficial on many levels, and an essential element in full-service banking. It is service of the best kind—profitable for all: community, country, and you. By providing Bond issue and redemption services, while keeping your employees trained for any transaction, you are making an investment in your future that cannot be matched!

BONDS AND SAVING

While there is no doubt that America has long suffered one of the lowest rates of saving in the industrialized world, it is equally evident that Americans are emerging as increasingly sophisticated consumers of financial services.

As services aimed at more affluent consumers grow, banks face a real dilemma: how to deal with increasingly costly small accounts while avoiding the danger of driving away the potentially profitable customer.

Savings Bonds help bridge these problems. Because they are primarily purchased through employer payroll savings plans in relatively small amounts, Bonds make saving easy for the small saver, a saver the financial institution might not be able to serve profitably. But, by encouraging more people to save increasing amounts, the Bond program fills the need for added savings and helps create new customers for a bank's profitable services.

Payroll savings builds the savings habit. It provides the discipline of regular, automatic saving for those who need it. And it gives individuals an easy way to save toward a specific goal.

This goal-oriented saver will often use bonds toward a down payment on a house or other major purchase.

Regular saving can make it possible for a person to use more sophisticated bank products and services. The amounts saved transfer easily to a certificate or other deposit products.

Today, bonds purchased and redeemed through banks are the investment tool that is still within easy reach of virtually all consumers. They also provide an occasion for customers and potential customers to come into your bank giving your staff an opportunity to discuss other products and services that you have available.

Ratio of Savings to Disposable Income U.S. and other Industrial Countries

	1980	1981	1982	1983
United States	5.8	6.7	6.2	5.0
France	15.9	15.6	15.5	NA
Germany	14.4	14.9	14.4	13.2
Italy	25.3	24.0	24.0	NA
Netherlands	11.6	12.7	14.8	NA
United Kingdom	14.5	12.5	10.8	8.4
Japan	18.7	19.7	17.7	NA
Canada	11.1	13.8	15.1	12.9

NA— Not Available

Market Analysis Office
U.S. Savings Bonds Division
August 1984

Series EE Unit Sales by Type Payroll Savings vs. Over-the-Counter (in thousands of pieces)

	October - June 1984/83				
	1984	% of Total Pieces	1983	% of Total Pieces	% Chg.
PRS	39,587	79%	38,057	79%	
OTC	10,286	21	10,184		
Total	49,873				

U.S. Savings Bonds Division
August 1984

BONDS AND OUR ECONOMY

"Overnight successes" are usually years in the making. So it is with the average person's ability to make substantial investments.

Savings Bonds have boosted this investment ability by helping people save. These savings strengthen our local and national economies.

The more than \$73 billion of the national debt represented by Savings Bonds is an important cost-saving factor for Treasury debt managers. It represents a substantial amount of money that does not have to be taken out of the economy at the expense of private investment.

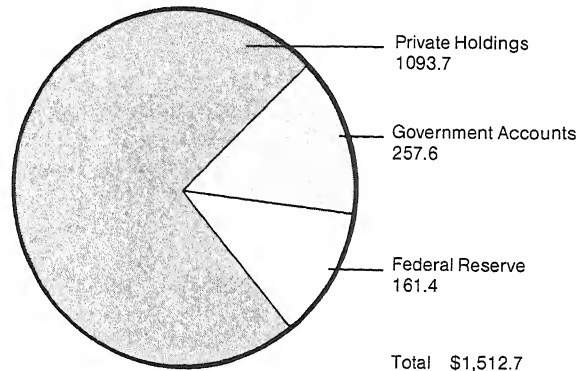
And, since Savings Bonds are held for an average of six years, about twice as long as the average maturity of the debt held in marketable securities, they add stability to the debt.

Savings Bonds save the taxpayer more than \$1.9 billion every year in direct interest costs. If the \$73 billion debt now held in Savings Bonds had to be refinanced in the market, it would increase the cost of the debt and also put pressure on interest rates.

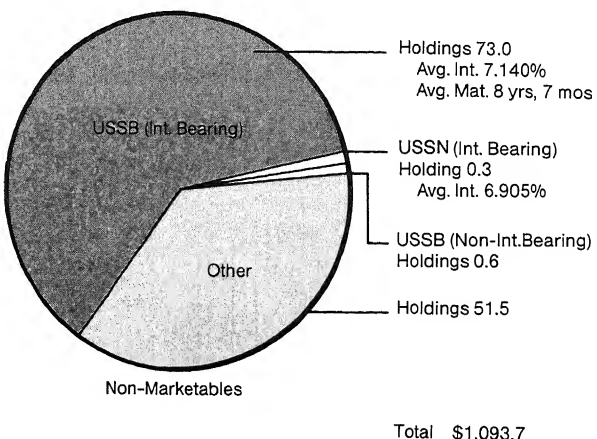
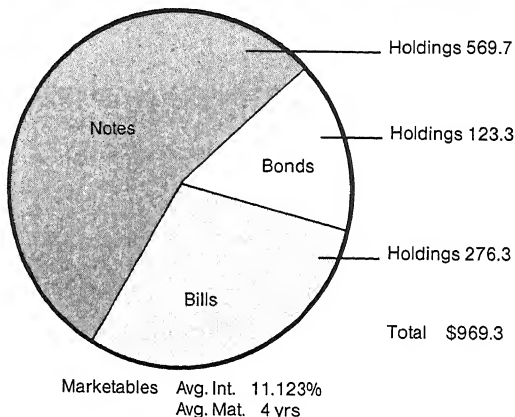
Bonds help build personal assets in a local community. Added savings in Bonds means added buying and financial power for your community and your customers. This results in a healthier business climate for you.

The market-based rate system put into effect in 1982 has spurred sales, increasing the benefits of the program for all. As the amount of Bond holdings grow, so does the beneficial effect on our economy. Your active support of the Bond program, your offering of high quality Bond services, is in the national interest, your community's interest, in your interest. For banks, the Bond program is more than public service—it is self service. Think about it.

Public Debt Holdings July 30, 1984
(in billions of dollars)



Privately-Held Portion
(in billions of dollars)



THE BOND OWNER AND YOU

The philosophy of full service, developed and long embraced by the banking community, has earned you an image of stability and expertise. Because of this, people turn to you expecting high quality financial services and advice of all kinds. Maintaining that image is the hard part. We can help.

Among the people you serve are many Bond owners. Whether they currently use your other services or not, they have confidence that you will provide them with fast and accurate issue, redemption and information services. These current and potential customers are valuable. They deserve the best service possible.

A well-trained staff equals good service and reinforcement of customer confidence. Specific Savings Bonds training is easy for you to provide. Either through the American Institute of Banking or from the U.S. Savings Bonds Division, an instruction package, "U.S. Savings Bonds Seminar," is available.

Leader and student manuals contain basic information your customer contact people need. Other reference and information materials are available—all at no cost.

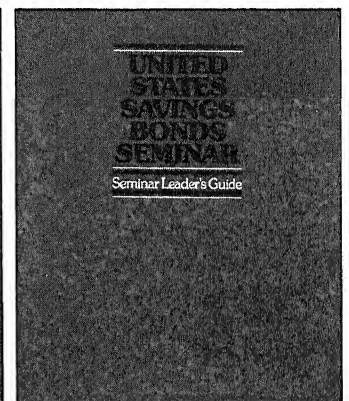
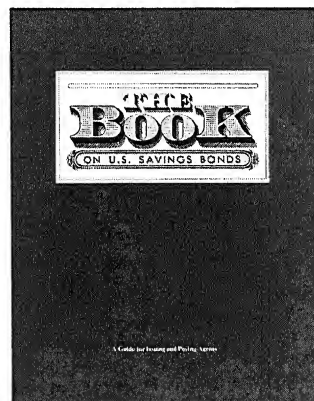
Training and information helps reduce time in handling Bond transactions. It also reduces the potential for liability-producing errors.

And, personnel well-versed on the Savings Bonds program demonstrate your commitment to customer desires and to the needs of the country.

We've come a long way—together. The Savings Bonds program could not have come this far, or in fact even survived, without four decades of support from the banking community. Your support always has been generous, in good times and bad. You have helped to make Bonds an accessible savings instrument in the community. In so doing, you have made a significant contribution to the nation's financial stability.

Now the Bond program is better than ever. With your continued support it can continue to grow. The market-based interest system has made Bonds a truly desirable product. Once again it is a product you can be happy to provide. But, the improved product is not as well-known as it should be. The U.S. Savings Bonds Division is devoting its resources to expanded communication with the public and increased information materials. We still need the wholehearted support of the banking community to get the message to the public.

The following pages contain materials that can help you and your customers participate easily and effectively in today's Savings Bonds program. Three sample letters have been provided for you to use to inform customers about the Bond program and to draw attention to your issue and redemption services. Also provided are lists of materials on Savings Bonds for reference and distribution and a list of addresses of U.S. Savings Bonds Division offices where personnel can answer your questions or fill orders for materials.



Dear Customer:

As a full-service bank, we are committed to fulfilling the needs of our customers. That is why we provide special services like selling United States Savings Bonds.

Bonds are good for you and our country. And, as a savings product, Bonds have been improved. We think you should know more about them and we'll be glad to answer any of your questions.

You should know, for example, that Bonds not only help you save, but help save Americans money. The sale of Bonds is one of the least inflationary means of borrowing available to the Treasury. Savings Bonds form a large, stable base for the privately-held portion of the federal debt, thus helping reduce the cost of the debt to the Treasury and, ultimately, to all taxpayers.

You can buy Savings Bonds from us either over-the-counter or through regular transfers from your checking account in the Bond-A-Month Plan. Come in and ask about these services. You'll find out why millions of Americans have turned to Bonds to build a more secure future.

Sincerely,

Dear Customer:

This bank takes a great deal of pride in the service we offer you. We are dedicated to friendly, knowledgeable, personalized service to help you with all your banking needs.

We would like to draw special attention to one of our services—United States Savings Bonds. For many years, this institution has cooperated with the Treasury Department to offer issue and redemption services. We have done so in the belief that Bonds can be as valuable to our customers as we know they are to the United States.

There have been many changes in Savings Bonds during the past several years—changes that have made them a better deal for those of you who buy and hold them, but changes that have brought questions. We will be happy to answer your questions about Bonds, and help you with Savings Bonds transactions, at any of our _____ convenient locations.

Of course, should you need our help in any other banking matter, we will be glad to provide it. Just drop in or call one of our offices.

Sincerely,

Dear Customer:

For many years we have offered you United States Savings Bonds. We have provided this service knowing that Bonds are a good way to help you save while they promote the economic stability and strength of America.

Since late 1982, Savings Bonds have also offered market-based interest. This change in the interest system has made Bonds a better deal, but also led many of you to ask us for details of the change. We have been happy to help and to answer your other Savings Bond questions.

If you have Bonds dating from the 1940's, for example, you will want to come in and talk to us. Those Bonds are reaching final maturity, and are ceasing to earn interest, as they reach their 40th anniversaries. Bonds purchased in 1945, for instance, reach final maturity during 1985. These Bonds should be redeemed or exchanged for Series HH Bonds.

An exchange could well be of benefit to you. HH Bonds pay interest semiannually by Treasury check for 10 years, and such an exchange enables you to further defer reporting the interest earned on the E Bonds for federal tax purposes until the HH Bonds are redeemed or mature. You have up to one calendar year after the E Bonds mature to make this exchange. The minimum HH Bond denomination is \$500.

We will be more than happy to help you with your exchange, or with any other questions you may have about Bonds. Please stop in soon and let us serve you.

Sincerely,

TECHNICAL AND CONSUMER PUBLICATIONS AVAILABLE TO BANKS

Regulations

The following publications are available from your Federal Reserve Bank or Branch, Fiscal Agency Department:

- Treasury Department Circulars, Public Debt Series 1-80 (Series EE), 2-80 (Series HH), and 3-80 (governing regulations).
- Treasury Department Circulars 530 (governing regulations), 653 (Series E), 905 (Series H), 3-67 (U.S. Savings Notes), 4-67 (instructions for issuing agents), and 750 (instructions for redemption agents).
- Series E and EE Tables of Redemption Values. These materials also are available for bank customers individually or by yearly paid subscription from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

Consumer Publications

The following publications for distribution to bank customers are available in quantity from U.S. Savings Bonds Division offices :

- Facts about U.S. Savings Bonds, SBD-1746. Basic Information.
- Series EE and HH Savings Bonds (Spanish), SBD-1551.
- Rate information flyer, updated semiannually in November and May.
- 50 Questions and Answers on U.S. Savings Bonds, SBD-1552. Answers to most frequently asked questions about Savings Bonds. Quantities of this brochure are limited to one copy per office.
- 50 Questions and Answers (Spanish), SBD-1695.
- Gift envelope, SBD-1591.
- Stuffer for inclusion with bank mailings, SBD-1581.
- Personal Record of Ownership, SBD-1421.

Reference Material

The following publications are available as aids to bank personnel from U.S. Savings Bonds Division offices or the Coordinator for Banking Programs, U.S. Savings Bonds Division, Department of the Treasury, Washington, DC 20226.

- The Book on U.S. Savings Bonds, A Guide for Issuing and Paying Agents, SBD-1573. This publication is a handy desk reference covering regulations and procedures for tellers and others who deal with Bonds. It also contains a list of forms used in various Savings Bonds transactions.
- U.S. Savings Bonds Seminar. Two manuals containing materials for use in training sessions. The leader's manual, SBD-1577 and the student book, SBD-1576 may be ordered separately.
- Issuing and Cashing Agent's Checklist, SBD-1732, Laminated. Quick-reference list of procedures for issuing and cashing Bonds.

Current Information

- A quarterly newsletter, "The Bond Teller," is available by free subscription to issuing and paying agents. This publication is designed to keep bank customer personnel up-to-date on developments in the Bond program. If your bank is not already receiving this publication, write to "The Bond Teller," U.S. Savings Bonds Division, Department of the Treasury, Washington, DC 20226. Please specify the number of copies of each issue your bank requires.

Other Material

- Bank Public Service Ads. A selection of Savings Bonds ads for bank sponsorship.

MARKET-BASED RATES— ADDED INVESTMENT INCENTIVE, NEW INVESTMENT OPPORTUNITY

The market-based interest system inaugurated in 1982 improved the earning potential for older bonds and provided a financial incentive for citizens to buy new bonds. The new interest system coupled with rule changes that now allow bonds to be used in deferred compensation pension plans make Savings Bonds a viable choice for investment for the future.

Market-Based Interest Rates

- Accrue to Bonds held five years after November 1, 1982 or date of issue, whichever is later.
- Apply to Series EE Savings Bonds, most Series E Bonds and U.S. Savings Notes. Apply to all unmatured Series E and EE Bonds and Savings Notes held at least five years after November 1, 1982, unless previous guarantees are higher.
- Are calculated at 85% of the Treasury five-year constant maturities rate during a Bond's holding period.
- Can earn interest as high as the market dictates.
- Cannot earn less than 7.5% per annum when held for five years or more.
- Change each May 1 and November 1, based on averages for the preceding six months.
- Do not apply until Bonds are held the required period. Bonds and Notes held less than the required period earn interest on a fixed, graduated scale beginning at 4.16%.

Bonds in Deferred Compensation Plans

- Help companies meet antidiscrimination requirements of tax-deferred savings plans.
- Provide ease of administration at no cost to the company or employee.
- Bring a guaranteed minimum return.
- Pay competitive market-based interest with no upper limit.
- Are exempt from state and local income taxes.
- At retirement may be withdrawn in the form of Savings Bonds, a tax-deferral feature.
- Are not subject to probate.
- Are absolutely safe.

SAVINGS BONDS DISTRICT OFFICES

Atlanta

(Georgia, Florida)
1100 Spring St., N.W., Rm. 560
Atlanta, GA 30309
(404) 881-4895

Birmingham

(Alabama, Louisiana, Mississippi, Tennessee)
The 2121 Bldg., Suite 716
2121 8th Ave., North
Birmingham, AL 35203
(205) 254-1202

Boston

(New England)
16 North St., 2nd Floor
Boston, MA 02109
(617) 223-2921

Chicago

(Northern Illinois)
230 S. Dearborn St., Rm 3948
Chicago, IL 60604
(312) 353-6754

Columbus

(Ohio, Kentucky)
Federal Office Bldg., Rm 470
85 Marconi Blvd.
Columbus, OH 43215
(614) 469-7430

Dallas

(Texas)
Earle Cabell Fed. Bldg. & Cthse.
1100 Commerce St., Rm. 14C-44
Dallas, TX 75242
(214) 767-0435

Detroit

(Michigan, Indiana)
477 Michigan Ave.
Patrick V. McNamara Bldg., Rm. 835
Detroit, MI 48226-2577
(313) 226-7375

Greensboro

(North Carolina, South Carolina)
P.O. Box 1199
Greensboro, N.C. 27402
(919) 378-5461

Los Angeles

(Arizona, Southern California, Southern Nevada, New Mexico)
P.O. Box 84-600
Los Angeles, CA 90073
(213) 209-6580

Manhattan

26 Federal Plaza, Rm. 1437A
New York, NY 10278
(212) 264-1368

Minneapolis

(Iowa, Minnesota, Nebraska, North Dakota, Wisconsin, South Dakota)
Marquette Bldg., Rm. 490
400 Marquette Ave.
Minneapolis, MN 55401
(612) 349-5400

Newark

(New Jersey)
Federal Bldg.
970 Broad St., 1435-C
Newark, NJ 07102
(201) 645-2267

New York

(New York State, except Manhattan)
26 Federal Plaza, Rm. 1437B
New York, NY 10278
(212) 264-1155

Pittsburgh

(Delaware, Pennsylvania)
Federal Bldg., Rm. 2127
1000 Liberty Ave.
Pittsburgh, PA 15222
(412) 644-2990

San Francisco

(Northern California, Northern Nevada, Utah)
Alameda Federal Center
620 Central Ave., Bldg. 2E
Alameda, CA 94501
(415) 273-4477

Seattle

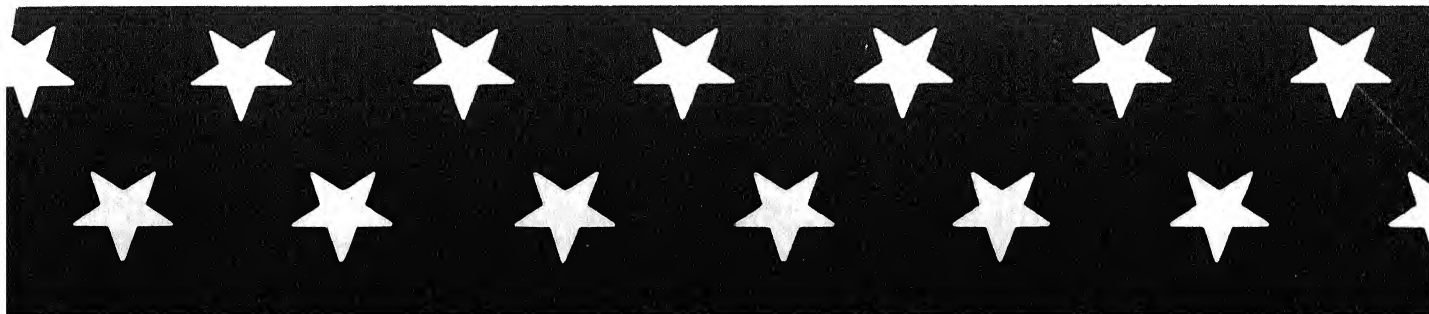
(Alaska, Colorado, Hawaii, Idaho, Oregon, Montana, Washington, Wyoming)
121-107th N.W., Suite 123
Bellevue, WA 98004
(206) 442-4536

St. Louis

(Arkansas, Oklahoma, Missouri, Kansas, Southern Illinois)
1114 Market St., Rm 757
St. Louis, MO 63101
(314) 425-5715

Washington, D.C.

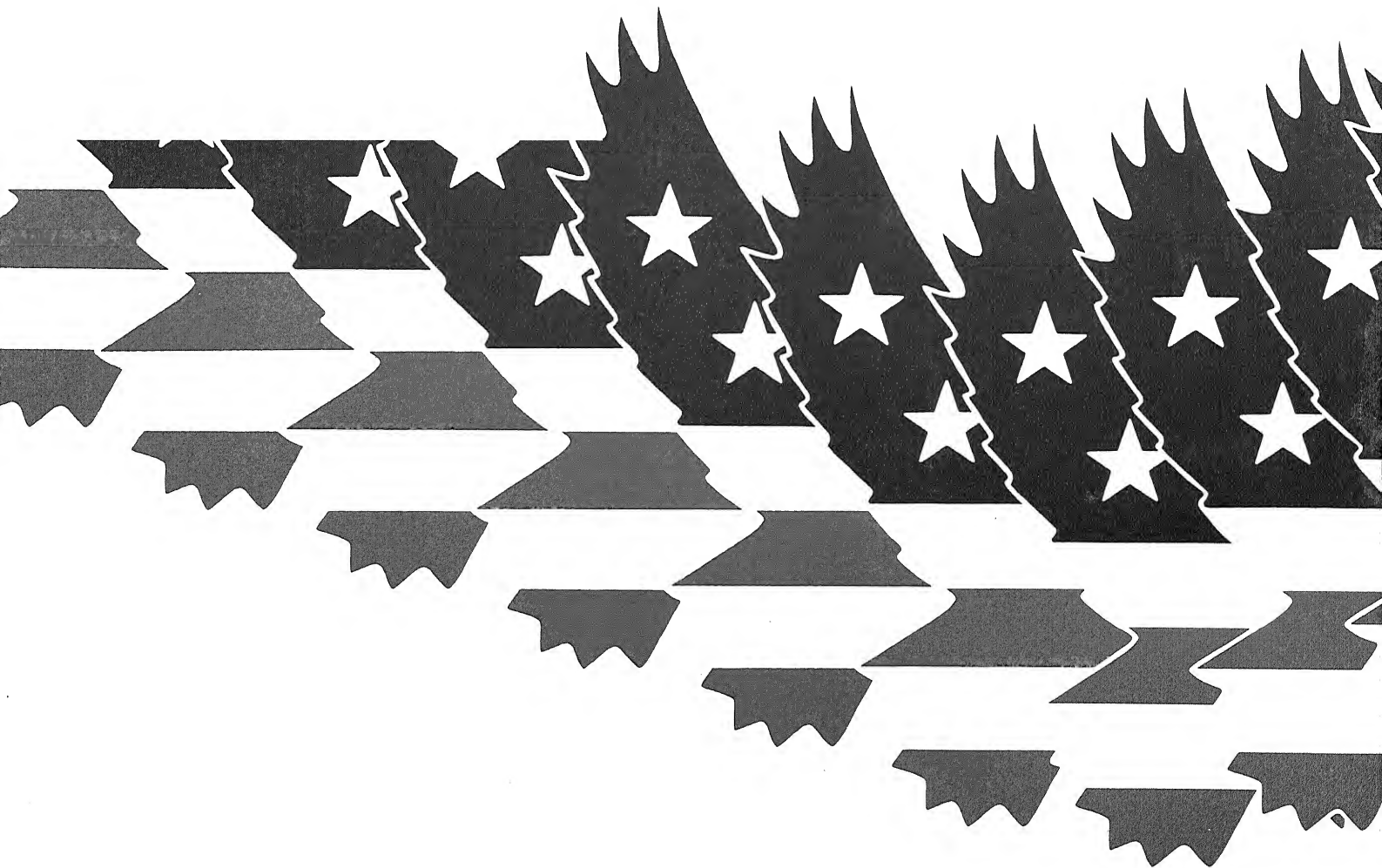
(District of Columbia, Maryland, Virginia, West Virginia)
5550 Friendship Blvd., Suite 400 A
Chevy Chase, MD 20815
(301) 492-5797



CONFIDENTIAL

100-1-100

100-1-100



BANKER AND BOND

THE STRONGEST LINE
CUSTOMER
COMMUNITY
COUNT

